

**REPORT  
ON THE  
RATE SETTING AUDIT**

**HORSESHOE HOUSE  
RIVERSIDE, CALIFORNIA  
PROVIDER NUMBER: LTC60346F  
NATIONAL PROVIDER IDENTIFIER: 1851463483**

**FISCAL PERIOD ENDED  
JUNE 30, 2009**

**Audits Section – Santa Ana  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Margaret A. Varho  
Audit Supervisor: Felipe Avila  
Auditor: Alimata Coulibaly**



DAVID MAXWELL-JOLLY  
Director

State of California—Health and Human Services Agency  
Department of Health Care Services



ARNOLD SCHWARZENEGGER  
Governor

Date: October 12, 2010

Sally Blanco-Braun  
Independent Options, Inc.  
P.O. Box 2197  
Corona, CA 92878-2197

PROVIDER: HORSESHOE HOUSE  
PROVIDER NO. LTC60346F  
FISCAL PERIOD ENDED JUNE 30, 2009

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the data presented in the accompanying audit report schedules represent a proper determination of the allowable costs and patient days for the above fiscal period in accordance with Medi-Cal reimbursement principles. The results of our examination are as follows:

| <u>COST AND COST PER DAY</u> |    | <u>COST</u>    |  | <u>COST PER DAY</u> |
|------------------------------|----|----------------|--|---------------------|
| Reported Cost/Cost Per Day   | \$ | 351,166        |  | \$ 179.81           |
| Net Audit Adjustment         |    | <u>(1,943)</u> |  | <u>(1.00)</u>       |
| Audited Cost/Cost Per Day    | \$ | <u>349,223</u> |  | \$ <u>178.81</u>    |

This audit report includes the:

1. Audit Report Schedules 1 through 2
2. Audit Adjustments

Future Medi-Cal long-term care prospective rates may be affected by this examination. The extent to which the rates change will be determined by the Department's Rate Development Branch.

Notwithstanding this audit report, overpayments to the provider are subject to recovery pursuant to Section 51458.1, Article 6 of Division 3, Title 22, California Code of Regulations.

If you disagree with the decision of the Department, you may appeal by writing to:

Chief  
Office of Administrative Appeals and Hearings  
1029 J Street, Suite 200  
Sacramento, CA 95814-2825  
(916) 322-5603

The written notice of disagreement must be received by the Department within 60 calendar days from the day you receive this letter. A copy of this notice should be sent to:

**United States Postal Service (USPS)**

Assistant Chief Counsel  
Department of Health Care Services  
Office of Legal Services  
MS 0010  
PO Box 997413  
Sacramento, CA 95899-7413

**Courier (UPS, FedEx, etc.)**

Assistant Chief Counsel  
Department of Health Care Services  
Office of Legal Services  
MS 0010  
1501 Capitol Avenue, Suite 71.5001  
Sacramento, CA 95814-5005  
(916) 440-7700

The procedures that govern an appeal are contained in Welfare and Institutions Code, Section 14171, and California Code of Regulations, Title 22, Section 51016, et seq.

If you have questions regarding this report, you may call the Audits Section—Santa Ana at (714) 558-4434.

***(Original signed by Margaret Varho)***

Margaret A. Varho, Chief  
Audits Section—Santa Ana  
Financial Audits Branch

Certified

**SUMMARY OF AUDITED FACILITY CENSUS  
AND AUDITED CLIENT COST PER DAY**

**Provider:**  
HORSESHOE HOUSE

**Fiscal Period:**  
JULY 1, 2008 THROUGH JUNE 30, 2009

**Provider Number:**  
LTC60346F

**Provider NPI:**  
1851463483

**SUMMARY OF AUDITED FACILITY CENSUS  
AND AUDITED CLIENT COST PER DAY**

|  | <b>AS<br/>REPORTED</b> | <b>AS<br/>AUDITED</b> |
|--|------------------------|-----------------------|
| 1. Medi-Cal Client Days (Adj )                   | 1,953                  | 1,953                 |
| 2. Other Client Days (Adj )                      |                        | 0                     |
| 3. Total Client Days                             | <u>1,953</u>           | <u>1,953</u>          |
| 4. Total Client Care Expenses (From Sch. 2)      | \$ <u>351,166</u>      | \$ <u>349,223</u>     |
| 5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3) | \$ <u>179.81</u>       | \$ <u>178.81</u>      |

**SHARE OF COST**

|  |              |             |
|--|--------------|-------------|
| 1. Share of Cost Audit Adjustment (Adj ) | \$ <u>NA</u> | \$ <u>0</u> |
|--|--------------|-------------|

**OVERPAYMENTS**

|                              |                      |             |
|------------------------------|----------------------|-------------|
| 1. Duplicate Payments (Adj ) | \$ <u>          </u> | \$ <u>0</u> |
| 2. Credit Balances (Adj )    | \$ <u>          </u> | \$ <u>0</u> |
| 3. Total Overpayments        | \$ <u>0</u>          | \$ <u>0</u> |

## SUMMARY OF AUDITED FACILITY EXPENSES

**Provider:**  
HORSESHOE HOUSE

**Fiscal Period:**  
JULY 1, 2008 THROUGH JUNE 30, 2009

**Provider Number:**  
LTC60346F

**NPI:**  
1851463483

| Line No. | DESCRIPTION   | ADJ NO. | AS REPORTED | AUDIT ADJUSTMENT | AS AUDITED |
|----------|---|---------|-------------|------------------|------------|
|          | <b>EXPENSES: CLIENT SERVICES</b>                      |         |             |                  |            |
|          | <b>Basic Facility Cost - Property Expenses</b>        |         |             |                  |            |
| 045      | Depreciation and Amortization                         |         | \$ 7,097    | \$               | \$ 7,097   |
| 050      | Leases and Rentals                                    |         | 27          |                  | 27         |
| 055      | Real Property Taxes                                   |         | 2,160       |                  | 2,160      |
| 060      | Personal Property Taxes                               |         | 0           |                  | 0          |
| 065      | Mortgage Interest                                     |         | 5,507       |                  | 5,507      |
| 070      | Property Insurance                                    |         | 1,231       |                  | 1,231      |
| 075      | TOTAL PROPERTY EXPENSES (Lines 045 through 070)       |         | \$ 16,022   | \$ 0             | \$ 16,022  |
|          | <b>Basic Facility Cost - General Home Expenses</b>    |         |             |                  |            |
| 080      | Home Operations and Maintenance                       | 3 & 4   | \$ 22,239   | \$ (1,126)       | \$ 21,113  |
| 085      | Utilities   | 1       | 8,917       | (64)             | 8,853      |
| 090      | Client Transportation                                 |         | 4,379       |                  | 4,379      |
| 095      | Dietary   |         | 11,729      |                  | 11,729     |
| 100      | Personal Care and Laundry                             | 2       | 2,262       | (508)            | 1,754      |
| 105      | TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)   |         | \$ 49,525   | \$ (1,698)       | \$ 47,827  |
| 110      | TOTAL BASIC FACILITY COST (Lines 075 plus 105)        |         | \$ 65,547   | \$ (1,698)       | \$ 63,849  |
|          | <b>EXPENSES: DIRECT CARE STAFF COSTS</b>              |         |             |                  |            |
| 115      | QMRP Salaries   |         | \$ 17,067   | \$               | \$ 17,067  |
| 120      | QMRP Fringe Benefits                                  |         | 1,411       |                  | 1,411      |
| 125      | Lead Salaries   |         | 22,237      |                  | 22,237     |
| 130      | Lead Fringe Benefits                                  |         | 2,127       |                  | 2,127      |
| 135      | Aides Salaries  |         | 116,513     |                  | 116,513    |
| 140      | Aides Fringe Benefits                                 |         | 12,095      |                  | 12,095     |
| 145      | Other Salaries  |         | 13,742      |                  | 13,742     |
| 150      | Other Fringe Benefits                                 |         | 1,108       |                  | 1,108      |
| 155      | TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150) |         | \$ 186,299  | \$ 0             | \$ 186,299 |

## SUMMARY OF AUDITED FACILITY EXPENSES

**Provider:**  
HORSESHOE HOUSE

**Fiscal Period:**  
JULY 1, 2008 THROUGH JUNE 30, 2009

**Provider Number:**  
LTC60346F

**NPI:**  
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| Line No. | DESCRIPTION   | ADJ NO. | AS REPORTED | AUDIT ADJUSTMENT | AS AUDITED  |
|----------|---|---------|-------------|------------------|-------------|
|          | <b>EXPENSES: CONSULTANT COSTS</b>                                   |         |             |                  |             |
| 160      | Dietician Consultant  | 5       | \$ 680      | \$ (40)          | \$ 640      |
| 165      | Speech Pathology Consultant   |         | 2,070       |                  | 2,070       |
| 170      | Physical Therapy Consultant   |         | 1,200       |                  | 1,200       |
| 175      | Occupational Therapy Consultant                                     |         | 1,080       |                  | 1,080       |
| 180      | Pharmacist Consultant   |         | 520         |                  | 520         |
| 185      | Nurse Consultant  |         | 0           |                  | 0           |
| 190      | Psychologist Consultant   |         | 2,880       |                  | 2,880       |
| 195      | Physician Consultant  | 6       | 3,025       | (175)            | 2,850       |
| 200      | Recreational Consultant   |         | 0           |                  | 0           |
| 205      | Social Service Consultant   |         | 0           |                  | 0           |
| 210      | Other Consultant  | 7       | 1,470       | (30)             | 1,440       |
| 215      | TOTAL CONSULTANT COST (Lines 160 through 210)                       |         | \$ 12,925   | \$ (245)         | \$ 12,680   |
|          | <b>EXPENSES: ADMINISTRATIVE COSTS</b>                               |         |             |                  |             |
| 220      | Administrative Salaries   |         | \$ 0        | \$               | \$ 0        |
| 225      | Administrative Fringe Benefits                                      |         | 0           |                  | 0           |
| 226      | Quality Assurance Fees  |         | 12,828      |                  | 12,828      |
| 230      | Other Administrative and General                                    |         | 73,567      |                  | 73,567      |
| 235      | TOTAL ADMINISTRATIVE COST (Lines 220 through 230)                   |         | \$ 86,395   | \$ 0             | \$ 86,395   |
|          | TOTAL COSTS RELATED TO CLIENT CARE<br>(Lines 110, 155, 215 and 235) |         | \$ 351,166  | \$ (1,943)       | \$ 349,223  |
|          | <b>NON-CLIENT CARE EXPENSES</b>                                     |         | (To Sch. 1) |                  | (To Sch. 1) |
| 240      | Non-Program Services  |         | \$          | \$               | \$ 0        |
| 245      | TOTAL FACILITY EXPENSES<br>(Lines 110, 155, 215, 235 and 240)       |         | \$ 351,166  | \$ (1,943)       | \$ 349,223  |

| Provider Name                 |                          |      |      | Fiscal Period                      |      |      |   | Provider Number |         | Adjustments |   |
|-------------------------------|--------------------------|------|------|------------------------------------|------|------|---|-----------------|---------|-------------|---|
| HORSESHOE HOUSE               |                          |      |      | JULY 1, 2008 THROUGH JUNE 30, 2009 |      |      |   | LTC60346F       |         | 7           |   |
| Report References             |                          |      |      | Audit Report                       |      |      |   |                 |         |             |   |
| Cost Report                   |                          |      |      |                                    |      |      |   |                 |         |             |   |
| Adj. No.                      | DHS 3076 Page or Exhibit | Line | Col. | Sch.                               | Line | Col. |   |                 |         |             |   |
| ADJUSTMENTS TO REPORTED COSTS |                          |      |      |                                    |      |      |   |                 |         |             |   |
| 1                             | 4                        | 85   | 4    | 2                                  | 85   | 3    | Utilities   | \$8,917         | (\$64)  | \$8,853     |   |
|                               |                          |      |      |                                    |      |      | To eliminate late fees not related to patient care.                             |                 |         |             |   |
|                               |                          |      |      |                                    |      |      | 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2122.1                  |                 |         |             |   |
| 2                             | 4                        | 100  | 4    | 2                                  | 100  | 3    | Personal Care and Laundry   | \$2,262         | (\$508) | \$1,754     |   |
|                               |                          |      |      |                                    |      |      | To eliminate patient television costs not allowable under the Medi-Cal program. |                 |         |             |   |
|                               |                          |      |      |                                    |      |      | 42 CFR 413.5 and 413.9(c)(3) / CMS Pub. 15-1, Section 2106.1                    |                 |         |             |   |
| 3                             | 4                        | 80   | 4    | 2                                  | 80   | 3    | Home Operations and Maintenance   | \$22,239        | (\$53)  | \$22,186    | * |
|                               |                          |      |      |                                    |      |      | To eliminate floral arrangement and art plaque not related to patient care.     |                 |         |             |   |
|                               |                          |      |      |                                    |      |      | 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2122.1                  |                 |         |             |   |

\*Balance carried forward from prior/to subsequent adjustments

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